

State of Alaska FY2003 Governor's Operating Budget

Department of Transportation/Public Facilities Statewide Facility Maintenance and Operations Budget Request Unit Budget Summary

Statewide Facility Maintenance and Operations Budget Request Unit

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BRU Mission

The mission of the Statewide Facility Maintenance and Operations BRU is to:

- Improve the quality of life for Alaskans by cost effectively providing environmentally sound and reliable public facilities.
- Benefit the traveling public and Alaskan communities through sound and effective leasing and property management practices at the state's airports and harbors.
- Maintain and operate the State's traffic control devices in the Anchorage and Eagle River area.

BRU Services Provided

- The Facilities components furnish basic services and utilities, such as electricity, water, sewer, waste disposal, janitorial, heating, grounds maintenance, and snow removal for state-owned facilities.
- The Facilities components also provide preventative and routine maintenance, repairs, remodeling, and major maintenance for state-owned facilities.
- The Leasing and Property Management components administer leases at rural airports in the Northern and Central Regions of Alaska. This involves processing applications for new leases, building permits, assignments, security assignments, subleases, supplements and closures. Revenue produced by leasing rural airport lands helps offset maintenance costs at those airports.
- The Traffic Signal Management component provides maintenance and operations of all state traffic control devices in the Anchorage and Eagle River areas.

BRU Goals and Strategies

To efficiently maintain and operate over 600 state-owned buildings in Alaska, and safeguard the State's investment in public buildings.

- Provide adequate maintenance to prevent premature deterioration and costly repairs.
- Reduce operating costs by replacing obsolete components and systems, as operating and capital funding will allow.
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To provide a clean, safe, and healthy physical working environment for State employees and for the general public to use while conducting business with the State.

- Comply with building codes, fire and life safety codes, ADA accessibility standards and OSHA requirements.
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To generate and optimize revenues from rural airports.

- Implement adopted regulations to bring lease rates closer to fair market rent.
- Promptly process lease applications and building permits.
- Advertise availability of new properties at rural airports.
- Institute landing fees for large aircraft and tie-down program for light aircraft.
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Promote the transfer of ownership of harbors to individual communities by working with local communities to find terms and conditions acceptable to both parties.

Key BRU Issues for FY2002 – 2003

- Previously reduced operating budgets have resulted in a larger proportion of available funding being devoted to utilities and other fixed building operating expenses, with fewer resources available for vital preventive and routing maintenance, resulting in accelerated deterioration and increasing deferred maintenance backlog.
- Capital funding for major repairs, renewal and replacement of obsolete systems in facilities is grossly inadequate to meet current needs and reduce the accumulated maintenance backlog.
- Lease rate increases indicated by 1996 and 1999 market studies cannot be implemented until revised Title 17 regulations are adopted and implemented. However, some rate reduction changes have taken place. The delay in revised Title 17 regulations has reduced lease revenues.

- Structural evaluations of high-risk buildings have resulted in the closure of three maintenance stations because of potential catastrophic failure. Structural evaluations will be conducted on other high-risk state facilities as funding allows. Such reviews have not been conducted on these facilities for many years. The Department is using capital funds to shut down and mothball the State owned portion of the Harborview facility in Valdez. There are no operating funds in the FY02 budget for cover utility costs, nor will the Department be requesting them for FY03.

Major BRU Accomplishments in 2001

- Administered 238 contracts and work orders with private sector for construction and maintenance projects.
- Completed projects to bring facilities into compliance with ADA standards such as wheelchair ramps, public restroom renovations, and door hardware replacement.
- Continued removal and retrofitting of underground storage tanks that provided fuel for state vehicles and fuel for backup power generators.
- Began construction of the Cascade equipment storage building that collapsed due to heavy snows.
- Completed structural and electrical repair projects at harbors in Craig, Hydaburg, Metlakatla, Seldovia and Port Lions.
- Completed conversion of the traffic signals in Anchorage and Eagle River from standard bulbs to Light Emitting Diodes (LED). This conversion will reduce the utility operating cost for the traffic signals by about 90%.

Key Performance Measures for FY2003

Measure:

Whether the net value of facilities deferred maintenance increases or decreases annually.
Sec 146(b)(1) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

The only funding the Department receives for deferred maintenance is an annual Facilities Deferred Maintenance capital project. For FY02, a total of \$800,000 was appropriated for all the state-owned facilities the Department is responsible for maintaining. Those funds will be used for repairing the following:

- Kodiak Court building elevator
- Tudor Road Complex in Anchorage roof and electrical system
- Sitka Court House roof replacement
- Generators, incinerators, insulation and fencing at maintenance facilities at Montana Creek, Livengood, Ambler, Coldfoot, Trimms and Delta.

The current project list of accumulated deferred maintenance is \$55.4 million (not including ADA compliance needs). The accumulated deferred maintenance backlog has increased substantially in the past year due largely to three maintenance facilities being condemned, resulting in the identification of substantial deferred maintenance costs. The current goal is to reduce the percentage at which deferred maintenance accumulates during the current year.

Benchmark Comparisons:

No benchmark has yet been established.

Background and Strategies:

Deferred Maintenance funds are very important in maintaining state buildings. Lack of capital funding and fewer available operating resources for vital preventive and routine maintenance has resulted in accelerated deterioration of public facilities. Renewal and replacement of obsolescent systems in facilities is grossly inadequate to meet current needs and reduce the accumulated deferred maintenance backlog.

Measure:

The percentage of facility mechanical systems that pass safety inspections each year.
Sec 146(b)(2) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

95% of mechanical systems have passed safety inspections during the past year. Most pass inspection the first time without any repairs. The Department immediately corrects most deficiencies found during an inspection. The

remaining 5% deficiencies require significant improvements to be code compliant. These items are added to the deferred maintenance backlog until capital funding is available. The following equipment or systems require safety inspection: Security and surveillance equipment; fire alarm panels; sprinklers; boilers; compressor tanks; elevators; cranes and lifts, boilers, back flow preventers and air conditioner systems. These inspections are performed either by in-house staff, contractors, or the Department of Labor.

Benchmark Comparisons:

Safety is of the highest priority and the state requires that all mechanical systems pass safety inspections.

Background and Strategies:

These systems are under the jurisdiction of the Department of Labor and Workforce Development, Division of Labor Standards and Safety, Mechanical Inspection. Currently, some boilers are serviced with in-house personnel, although the recent trend has been towards contracting for this work, due to the specialized skills needed. Elevator servicing and repairs has always been contracted, since the skilled craftsmen are not available through Local #71 and large private firms have the in-depth support needed for that service.

The Department has never had boilers or elevators "red-tagged" or taken out of service after an inspection; however, it is common for the inspector to note deficiencies, which we address by the abatement date.

Measure:

The percentage of rural airport leases that are renewed or newly leased at the fair market value during the fiscal year.
Sec 146(b)(3) Ch 90 SLA 2001(HB 250)

Alaska's Target & Progress:

With the continued delay in adopting new Title 17 regulations, we are unable to increase rural airport lease rates to bring them closer to fair market rent.

Benchmark Comparisons:

No benchmark data has been identified for this measure.

Background and Strategies:

Title 17 AAC 40 regulates the rents that can be charged for lease of rural airport properties. The performance measure is not likely to be achieved because fair market rents are established by, among other procedures, periodic market surveys, the results of which are incorporated into Title 17 through periodic updates. If a market survey shows rent is being charged that is above fair market, the commissioner, under 17 AAC 40.340(a), approves reducing the rent charged at these airports to the fair market rent. However, for increases to fair market rent, Title 17 must be updated to reflect the upward percentage the department intends to charge. In most cases, rent increases will be made incrementally so as to allow lessees a gradual increase in their rents until fair market is reached. Until the new Title 17 regulations are adopted, rural airport lease rates can not be brought closer to fair market rent.

Statewide Facility Maintenance and Operations

BRU Financial Summary by Component

All dollars in thousands

	General Funds	FY2001 Actuals Federal Funds	Other Funds	Total Funds	General Funds	FY2002 Authorized Federal Funds	Other Funds	Total Funds	General Funds	FY2003 Governor Federal Funds	Other Funds	Total Funds
<u>Formula</u>												
<u>Expenditures</u>												
None.												
<u>Non-Formula</u>												
<u>Expenditures</u>												
Traffic Signal Management	1,183.0	0.0	0.0	1,183.0	1,183.0	0.0	0.0	1,183.0	1,183.0	0.0	0.0	1,183.0
Central Region Facilities	2,842.8	0.0	741.0	3,583.8	2,828.7	0.0	706.6	3,535.3	3,149.8	0.0	708.6	3,858.4
Northern Region Facilities	5,628.0	35.4	2,191.2	7,854.6	5,591.7	81.8	1,978.2	7,651.7	5,917.3	167.8	1,996.6	8,081.7
Southeast Region Facilities	1,843.7	0.0	2,087.2	3,930.9	744.0	0.0	119.0	863.0	971.4	0.0	119.0	1,090.4
Central Leasing & Property Mgt	495.7	0.0	104.1	599.8	524.4	0.0	86.1	610.5	579.6	0.0	86.1	665.7
North. Leasing & Property Mgt	546.0	0.0	46.0	592.0	557.5	0.0	57.2	614.7	571.5	0.0	57.2	628.7
Totals	12,539.2	35.4	5,169.5	17,744.1	11,429.3	81.8	2,947.1	14,458.2	12,372.6	167.8	2,967.5	15,507.9

Statewide Facility Maintenance and Operations

Proposed Changes in Levels of Service for FY2003

Additional new facilities came online last year with no maintenance funding provided. The impact is to reduce general and preventive maintenance to cover basic fixed costs of those facilities.

Statewide Facility Maintenance and Operations

Summary of BRU Budget Changes by Component

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	11,429.3	81.8	2,947.1	14,458.2
Adjustments which will continue current level of service:				
-Central Region Facilities	48.8	0.0	2.0	50.8
-Northern Region Facilities	107.8	1.0	18.4	127.2
-Southeast Region Facilities	11.2	0.0	0.0	11.2
-Central Leasing & Property Mgt	24.4	0.0	0.0	24.4
-North. Leasing & Property Mgt	14.0	0.0	0.0	14.0
Proposed budget increases:				
-Central Region Facilities	272.3	0.0	0.0	272.3
-Northern Region Facilities	217.8	85.0	0.0	302.8
-Southeast Region Facilities	216.2	0.0	0.0	216.2
-Central Leasing & Property Mgt	30.8	0.0	0.0	30.8
FY2003 Governor	12,372.6	167.8	2,967.5	15,507.9